

124 FERC ¶ 61,116
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 30, 2008

In Reply Refer To:
Iroquois Gas Transmission System, L.P.
Docket No. RP08-454-000

Iroquois Gas Transmission System, L.P.
M. Lisanne Crowley
Troutman Sanders LLP
401 Ninth Street, NW, Suite 1000
Washington, D.C. 20004-21344700

Attention: M. Lisanne Crowley
Attorney

Reference: Order No. 712 Limited Waiver Request

Dear Ms. Crowley:

1. On July 21, 2008, Iroquois Gas Transmission System, L.P. (Iroquois) filed a request for an extension of time to comply with the Commission's Final Rule in *Promotion of a More Efficient Capacity Release Market*, FERC Stats. & Regs. ¶ 31,271 (2008) (Order No. 712). Order No. 712 modified the Commission's regulations concerning capacity release. Among other things, Order No. 712: (1) removed the rate ceiling on capacity releases of one year or less; (2) exempted capacity releases made as part of asset management arrangements (AMAs) or under state-approved retail unbundling programs from the section 284.8 bidding requirements and the prohibition on tying, and; (3) permitted releasing shippers to include conditions in a release concerning the sale and/or repurchase of gas in storage. The regulations adopted by Order No. 712 take effect on July 30, 2008. The Commission stated in Order No. 712 that parties may act in accordance with the revised regulations as of that date.¹

¹ Order No. 712 allows pipelines 180 days in order to remove tariff provisions that are inconsistent with the revised regulations.

2. Iroquois requests that it be given an extension of time until November 1, 2008 to comply with Order No. 712. Iroquois asserts that it requires an additional 60 to 90 days to upgrade its computer systems in order to permit releases pursuant to the revised regulations. It states that Order No. 712 requires that new fields be added, validations be modified/added, as well as various other changes, and then significant testing must be performed. Iroquois argues that it has a relatively small number of personnel involved with the upgrading of its information systems and such personnel are required to attend to a number of current programming events. Therefore, Iroquois requests an extension of time until November 1, 2008 before implementing Order No. 712 on its system.

3. Public notice of Iroquois' filing was issued on July 24, 2008. Interventions and protests were due on or before July 29, 2008. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2008)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

4. On July 28, 2008, a protest was filed by the Marketer Petitioners.² On July 29, 2008, the Natural Gas Supply Association (NGSA) and the American Gas Association (AGA) filed protests to the instant filing. All the protesters request that the Commission deny the instant request and allow its revised capacity release regulations to take effect on July 30, 2008 on all interstate pipelines. They argue that the pipelines have known that their systems would have to conform to the Commission's regulations since at least November 15, 2007 when the Notice of Proposed Rulemaking was issued that resulted in Order No. 712. They assert that it is too late and highly prejudicial for Iroquois to wait until two weeks before the implementation of Order No. 712 to raise an objection. Moreover the protesters assert that the claims of the pipelines do not outweigh the broad and important benefits of promptly implementing the revised capacity release rules as scheduled.

5. The protesters do not object to permitting the pipelines additional time to adjust their systems as long as the pipelines permit their shippers to engage in capacity release transactions authorized under the revised rules as of the effective date. For example, the Marketer Petitioners assert that the instant proposal presumably would prevent shippers on their systems from engaging in capacity release transactions authorized under the revised rules during the waiver period and that the pipeline has not actually demonstrated that it cannot, in some manner, accommodate such capacity release transactions. Specifically, they argue that Iroquois has not shown why it cannot, in some fashion, post

² The Marketer Petitioners include: Shell Energy North America (US), L.P., ConocoPhillips Company, Chevron U.S.A. Inc., Constellation Energy Commodities Group, Inc., Tenaska Marketing Ventures, Merrill Lynch Commodities, Inc., Nexen Marketing U.S.A. Inc., UBS Energy LLC, and Citigroup Energy Inc.

information about pre-arranged releases associated with AMAs and other non-biddable releases authorized by the Commission's revised rules. Additionally, Marketer Petitioners assert that Iroquois should be able to accept bids manually or by e-mail for releases not subject to the maximum rate. NGSa also adds that the Commission should provide pipelines with the ability to use transitional mechanisms for a period of time until compliance requirements can be met.

6. The Commission adopted Order No.712 in order to enhance competition in the secondary capacity release market and increase shipper gas supply options. Only Iroquois and one other pipeline requested substantial additional time before permitting releasing shippers to make releases pursuant to the revised regulations.³

7. The Commission grants Iroquois' request for additional time to program its computers in order to permit capacity releases pursuant to the new rules to take place electronically. However, the Commission notes that almost all other interstate pipelines are able to permit shippers to make releases pursuant to the new rules as of the July 30, 2008, effective date. Iroquois has provided no explanation why it cannot permit such releases manually or through e-mail. The only reasons Iroquois has given for its extension request relate to the time it will take to upgrade its computer systems. The Commission concludes that firm shippers on Iroquois should have the same ability to obtain the benefits of Order No. 712 upon its effective date as shippers on other pipeline systems. Accordingly, the Commission permits Iroquois to delay its implementation of Order No.712 on its computer system until November 1, 2008, but requires that Iroquois permit shippers on its system to make releases pursuant to the new rules by other means during the interim period between the July 30 effective date of Order No. 712 and November 1, 2008.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

³ In Docket No. RP08-447-000, the Commission will consider a request by Southern Star Central Pipeline Inc. to delay implementation until September 30, 2008.